

Statement of  
**PEARL IMADA IBOSHI, Ph.D.**  
Economic Research Administrator  
Research and Economic Analysis Division  
Department of Business, Economic Development, and Tourism  
before the  
**SENATE COMMITTEE ON WAYS AND MEANS**  
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**ECONOMIC TRENDS AND OUTLOOK**

**1. INTRODUCTION**

Last year at this time, I presented DBEDT's forecasts for a number of economic indicators for Hawaii. I started out by saying that the prospects for economic growth in Hawaii were less bright than we projected the year before. This year, I am happy to say that we underestimated growth of most indicators for 1997 and 1998.

Table 1 shows last year's forecasts for 1997 and 1998 with the actual figures for 1997 and the actual figures available to date for 1998. As you can see, our growth in visitor arrivals, personal income, wage and salary jobs, and gross state product (GSP) were all slightly higher than we anticipated in December 1997. There were only two areas that we overestimated, population growth and the rate of inflation as measured by the Honolulu Consumer Price Index and the GSP deflator. This contributed to the underestimation of real, or inflation-adjusted, personal income and GSP growth.

Our forecast for 1998 that we made last year also seem on average low as compared to the numbers available to date for the broad indicators of growth, personal income and GSP growth. However, we appear to have overestimated growth in population, visitor arrivals, and wage and salary jobs. Population growth reflects the latest (July 1998) estimate by the U.S. Bureau of the Census. Visitor arrivals are lower than we forecast in December 1997 because of large declines in eastbound arrivals as a result of the Asian economic crisis. Wage and salary jobs also appear overestimated, however this may change when the Department of Labor and Industrial Relations rebenchmarks its 1998 estimates in early 1999. Last year, the rebenchmarking had the effect of turning preliminary job losses into small, but positive job gains.

Overall, our current forecast for the next two years is similar to what we have seen in 1998 (see Table 2). Let me briefly discuss some of the factors that we have looked at to determine our current forecasts.

## **2. STATE OF THE ECONOMY**

The three major sources of data are: (1) personal income, (2) employment and jobs, and (3) state tax revenues.

### **Personal Income**

Personal income has been one of the bright spots in Hawaii's economy in the last year and a half, because growth has remained relatively strong at above 2.0 percent (see

Figure 1). According to the U.S. Bureau of Economic Analysis (BEA), for the first half of the year, annual personal income growth is running at 2.2 percent above the same period in 1997. This is a somewhat slower rate of growth than the 2.6 percent growth in 1997 as a whole.

Most of the growth in personal income came from the 1.7 percent growth in wages and salaries over the period. Wages and salaries make up 57 percent of personal income. However, the rate of growth in wages and salaries during the second quarter was significantly lower than the 2-3 percent annual growth observed over the previous five quarters.

The second largest source of growth in personal income came from transfer payments; such payments expanded at 4.4 percent over the first half of 1997. Transfer payments include social security payments, welfare, and other transfers from the government and private businesses.

Proprietors' income grew by a strong 5.9 percent rate for the year to date. This growth is consistent with the suggestion that the number of self-employed may be expanding as a share of Hawaii's workforce, thereby helping to explain the simultaneous increase in civilian employment and decline in nonagricultural wage and salary jobs discussed below.

Looking across the economy, much of the growth in personal income in recent quarters came from the government, rather than private sector. This continued in the second quarter as government earnings grew by 3.5 percent over the second quarter of 1997 while private earnings grew by 1.0 percent. Most of the government earnings growth came from state and local government, with sizeable growth also from the federal civilian sector.

In the private sector, the fastest growth occurred in farm earnings (5.7 percent), agricultural services, forestry, and fishing (5.8 percent), and in services (3.6 percent). Growth also occurred in wholesale and retail trade. The sectors with largest declines in earnings included mining (-5.9 percent), manufacturing (-2.5 percent), and construction (-2.4 percent). Transportation and utilities and finance, insurance and real estate also experienced earnings declines.

The rate of annual growth in dividends, interest, and rent for the second quarter was a relatively small 1.2 percent. This was largely due to a methodological change in the way the BEA now calculates the dividends, interest, and rent component of personal income. The revision excluded capital gains distributions from the income estimates. This had the effect of lowering estimated rates of growth of this component by between 1 and 4 percentage points in 1997 and 1998. As a consequence, the revisions also lowered earlier estimates of total personal income growth by between 0.2 and 0.4 percentage points.

### Labor Market Conditions

Hawaii's labor markets continued to show both good and bad news through the year. Let me start with the good news. Part of the good news is that civilian employment expanded by 1.2 percent in the first eleven months of 1998 over the same period in 1997 (Table 3). Civilian employment has been growing steadily for the last four quarters.

Another part of the good news is that the number of unemployed continues to fall. For the year through November, the monthly average number of unemployed has declined by 650, or 9.5 percent, from the first eleven months of 1997. Consequently, Hawaii's average unemployment rate of 5.9 percent was down from the 6.5 percent experienced in the first eleven months of 1997.

However, the bad news is that nonagricultural wage and salary jobs continue to fall. For the first eleven months of the year, nonagricultural wage and salary jobs were 0.9 percent lower than in the same period last year.

The simultaneous growth in civilian employment and decline in wage and salary jobs has persisted for about three years (see Figure 2). It appears that the number of self-employed may be rising as those laid off start their own businesses. Employment numbers include self-employed while being self-employed is not considered a wage and salary job. Evidence consistent with this explanation includes the 2.8 percent growth in

the number of self-employed from 1996 through 1997 and the recent high rates of growth in the proprietors' income portion of personal income mentioned previously.

The number of nonagricultural wage and salary jobs declined in most sectors. The largest percentage declines occurred in construction (-4.7 percent), manufacturing (-3.0 percent), and finance, insurance, and real estate (-2.8 percent).

In the public sector, federal government jobs fell by 1.0 percent in the first eleven months of 1998 relative to the same period in 1997. At 30,350, the number of third-quarter federal government jobs was just slightly above the level last seen in 1980. In contrast, state and local government jobs both increased over the period by about 1.0 percent. For state government, educational and social services made up nearly 75 percent of the increase.

Ending with good news on jobs, agricultural wage and salary jobs grew a remarkable 7.0 percent from the first eleven months of 1997 through the same period in 1998. This brings the total number of jobs in this sector to 7,650. The largest growth has been in the City and County of Honolulu. Agricultural wage and salary jobs in sugar and pineapple remained relatively flat; most of the growth occurred in diversified agriculture.

## Tax Revenue

Revenue deposited to the State General Fund increased on a year-to-date basis through November (see Table 3 and Figure 3). However, some of this growth came from increases in collections from the individual income tax which was influenced by technical factors.

General fund revenue grew by 5.8 percent from the first eleven months of 1997 through the same period in 1998. For fiscal year 1999 to date, general fund revenues have increased by 4.6 percent over the same period in fiscal year 1998. However, technical factors, such as weekend effects (which I will discuss in a moment), account for some of this growth. Without these factors, the growth in general fund revenue for the fiscal year to date would be about 3.8 percent according to the Department of Taxation.

The single largest source of general fund revenue, general excise tax (GET) receipts, grew by 1.3 percent for the calendar year to date over the same period in 1997. This represents an improvement in growth relative to 1997 when GET revenues actually fell by 2.5 percent. For fiscal year 1999 to date, GET growth was 4.2 percent over the same period in fiscal 1998. However, some of this growth was due to a double “weekend effect.” In 1998, October ended on a weekend which had the effect of pushing some October revenue into November. In 1997, November ended on a weekend which had the effect of pushing some revenue into December 1997. Thus, November 1998 revenue was larger than usual and November 1997 revenue was smaller than usual; this made the rate

of growth in November 1998 GET revenues especially large—29.8 percent. Adjusting for this and other technical factors, the Department of Taxation estimates that GET revenues would have grown by only 2.0 percent in the first five months of this fiscal year as compared to the same period in fiscal year 1998.

Growth in general fund revenue has been largely due to increases in net individual income tax receipts. Net individual income tax receipts grew by 12.1 percent from the January-November period of 1997 to the same period in 1998. Much of the growth in early 1998 reflected lower refunds as a result of a reduction in maximum withholding rates that applied to 1997; indeed, refunds fell by 15.4 percent in the first eleven months of 1998 relative to the year-earlier period.

For the fiscal year 1999 through November (five months), net individual income tax revenues grew by 1.8 percent over the same period in fiscal year 1998. In contrast to the calendar-year-to-date growth, this fiscal-year-to-date growth rate is much less likely to be affected by the change in the withholding rate because most refunds occur in the first half of the calendar year. One of the components of this growth, declaration of estimated taxes, grew a remarkable 23.4 percent over the period. This strong growth seems consistent with growth in the proprietors' income portion of personal income and the suggestion that self-employment is rising in Hawaii.



### Visitor Industry

Visitor arrivals contracted in 1998 (first eleven months only) for the first time since 1993. The total number of visitor arrivals fell by 2.0 percent from the January-November 1997 period through the same period in 1998 (Table 3).

The entire decline was due to a drop of 10.4 percent in eastbound arrivals. Monthly eastbound visitor arrivals have been declining relative to the previous year since February.

On the other hand, the number of westbound arrivals expanded by 3.8 percent in the year from January-November 1997 to January-November 1998. Westbound arrivals have been growing steadily since September 1997. Indeed, if the 3.8 percent growth holds for all of 1998, this will be the highest rate of growth in westbound arrivals since 1994.

Average lengths of stay have also been rising. Overall, average length of stay rose 2.5 percent from 8.3 days to 8.51 days between the first eleven months of 1997 and the first eleven months of 1998. The shift is largely due to the increasing share of longer-staying westbound visitors. Interestingly, eastbound visitors increased their average stays from 5.58 to 5.73 days while westbound visitors' stays fell by a slight 0.1 percent to 10.15 days.

The increase in length of stay has meant a slight increase (0.5 percent) in the important visitor days statistic.

### Construction

Private construction activity declined in the first ten months of 1998 (Table 3, November data are not yet available). Despite a relatively large increase in public construction activity, construction jobs continued to fall.

Excluding Maui County (because of unavailable November data), the estimated value of total private building permits fell 12.5 percent from January-November 1997 through the same period in 1998, with hotel and non-residential authorizations off 23.8 percent and residential authorizations down by 14.7 percent. Additions and alterations fell by a smaller 1.4 percent over the period.

From the public sector, state capital improvement project (CIP) expenditures rose 17.2 percent from the first nine months of 1997 through the first nine months of 1998. Much of this increase was due to activity in the state housing loan program.

Unfortunately, the increase in public sector construction could not offset the declines in private construction activity, and construction jobs fell by 4.7 percent in the first eleven months of 1998 relative to the year-earlier period.

## Counties

To some extent, economic growth may be shifting to the neighbor islands. The counties of Hawaii and Kauai have enjoyed the strongest economic performance over the year, while the City and County of Honolulu and Maui County have performed less well (Tables 4 through 7).

The unemployment rate fell in all counties. Indeed, for the year through November, every county other than the City and County of Honolulu experienced more than a 1-percentage-point reduction in the unemployment rate. Kauai County enjoyed a 2.1 percentage point reduction. No county had an annual average unemployment rate in excess of 10 percent for the first time since 1995.

While nonagricultural wage and salary jobs declined for the state as a whole, Honolulu and Maui counties have experienced the entire drop. Through November, nonagricultural jobs fell 1.3 percent in the City and County of Honolulu and by 0.7 percent in Maui County from the same period in 1997. In contrast, non-agricultural wage and salary jobs grew by 2.8 percent in Hawaii County and by 0.4 percent in Kauai County over the same period.

Even construction jobs grew in Hawaii and Kauai counties, while they fell in Honolulu and Maui counties. However, private construction permits grew in Hawaii and Maui counties (through October) but fell in Honolulu and Kauai.

Through November 1998, visitor arrivals were down 5.5 percent in the City and County of Honolulu from the same period in 1997 and down 0.3 percent for Maui County over the same period. However, the other counties enjoyed growth in total arrivals, led by Hawaii County (5.7 percent) and followed by Kauai County (2.9 percent). Westbound arrivals expanded in all counties other than the City and County of Honolulu. On the other hand, only Hawaii County saw an increase in eastbound arrivals (9.0 percent) from the first eleven months of 1997 through the same period in 1998. As a consequence, hotel occupancy rates were higher by 3.6 percentage points in Hawaii County but down elsewhere—with the exception of Maui County which managed a 0.9 percentage point increase in occupancy rates.

### **3. OUTLOOK**

#### External Conditions

Last year's forecasts by the major forecasting agencies for Japan's economic growth for 1997 and 1998 were modestly optimistic. However, these forecasts did not hold out. Although there was some growth in 1997, as it turns out Japan's economy is now expected to contract by 2.3 percent in 1998 and, at best to show no growth in 1999. The less than expected growth in Japan had a significant, negative impact on visitor arrivals. It is hoped that now fundamental changes have been adopted—banking reform and income tax reductions—that will set the foundation for future growth.

The yen has stabilized to slightly more than 120 yen to a dollar. Consensus Forecasts expect a slight depreciation over the next few months, although the currency futures markets seem to predict that the yen will maintain its strength.

South Korea and Hong Kong are expected to do even worse than Japan. Although the direct impact to Hawaii is less severe because of the small number of visitors from these countries, these were fast growing markets whose potential development has been stalled.

Regarding the strong performance of the U.S. economy, the major forecasting agencies—Blue Chip and Consensus Forecasts—have been asking every quarter whether or not the party is over. It appears that the party is not yet over as the most recent figures show stronger than expected economic growth. It is now estimated that real GDP growth will be 3.5 percent in 1998, slowing to 2.1 percent in 1999. Further it is expected that the unemployment rate will remain low at 4.5 percent for 1998 and 4.9 percent in 1999. California is expected to continue to grow faster than the nation as a whole.

DBEDT's forecasts are based on slower but continued growth of the U.S. economy and no or little growth in the Japanese economy for the next few years. We expect the strength of the yen to be maintained between 120 to 125, which should be positive for visitor expenditures.

Our forecasts for the next few years are shown in Table 2. We have lowered our estimates of population growth to reflect the slow growth in recent years. The Asian crisis will result in lower total visitor arrivals for 1998, but there should be a slow, steady recovery thereafter. We expect nominal personal income and GSP growth to remain at the levels observed for the last several years. Lower rates of price increases mean that real personal income and GSP growth rates will actually be relatively high. However, we expect Hawaii's inflation rate to move back toward the U.S. average in later years. This will have the effect of lowering inflation-adjusted income growth.

#### **4. CONCLUSIONS**

In conclusion, our forecast is for more of the same. We expect some indicators to improve while others worsen. Many of the changes made in the last legislative session will begin to be felt in 1999. Personal income tax reductions will help keep money in people's pockets, and the increased spending for the marketing of Hawaii will stabilize arrival numbers and help in the development of new markets. We look forward to working with the Legislature over this session to move forward other measures that will improve the business climate in Hawaii and help our existing business to prosper and to attract new technology based firms to our state.

**Table 1: Evaluation of Past Forecast**

<b>Economic Indicators</b>	<b>1997</b>	<b>1997</b>	<b>1997 Error</b>	<b>1998</b>	<b>1998</b>	<b>1998 Error</b>
<b>Annual Percentage Change</b>	<b>(forecast)</b>	<b>(actual)</b>	<b>(overforecast positive)</b>	<b>(1997 forecast)</b>	<b>actual to date</b>	<b>(overforecast positive)</b>
Total population (in thousands)	0.6	0.3	0.3	0.6	0.1	0.5
Visitor arrivals (in thousands)	0.5	0.7	-0.2	1.6	-1.9	3.5
Honolulu CPI-U (1982-84=100)	1.0	0.7	0.3	1.2	-0.1	1.3
Personal income (in million dollars)	2.0	2.6	-0.6	2.1	2.2	-0.1
Personal income (in \$1987 million)	1.0	1.9	-0.9	0.9	2.3	-1.4
Total wage & salary jobs (in thousands)	0.0	0.2	-0.2	0.4	-0.8	1.2
Gross state product (in million dollars)	2.0	2.2	-0.2	2.2	na	na
Real gross state product (in \$1987 million)	1.1	1.5	-0.4	1.1	na	na
Gross state product deflator (1987=100)	0.9	0.6	0.3	1.1	na	na

Source: Hawaii State Department of Business, Economic Development & Tourism, December 1998.

**Table 2: Current Forecast**

<b>Economic Indicators</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
	<b>(actual)</b>	<b>(forecast)</b>	<b>(forecast)</b>	<b>(forecast)</b>	<b>(forecast)</b>	<b>(forecast)</b>
Total population (in thousands)	1,186.6	1,190.2	1,194.9	1,200.9	1,208.1	1,215.3
Visitor arrivals (in thousands)	6,876.1	6,766.1	6,827.0	6,902.1	6,978.0	7,061.8
Honolulu CPI-U (1982-84=100)	171.9	172.2	173.8	175.9	178.5	181.2
Personal income (in million dollars)	30,478.8	31,088.4	31,741.2	32,471.3	33,218.1	34,015.4
Personal income (in \$1987 million)	20,372.4	20,738.4	20,985.0	21,213.1	21,380.3	21,569.9
Total wage & salary jobs (in thousands)	539.1	535.8	536.4	539.0	542.3	545.5
Gross state product (in million dollars)	34,238.6	34,914.8	35,661.0	36,486.7	37,341.9	38,243.3
Real gross state product (in \$1987 million)	23,859.7	24,296.4	24,610.8	24,905.6	25,129.1	25,394.0
Gross state product deflator (1987=100)	143.5	143.7	144.9	146.5	148.6	150.6
<b>Annual Percentage Change</b>						
Total population (in thousands)	0.3	0.3	0.4	0.5	0.6	0.6
Visitor arrivals (in thousands)	0.7	-1.6	0.9	1.1	1.1	1.2
Honolulu CPI-U (1982-84=100)	0.7	0.2	0.9	1.2	1.5	1.5
Personal income (in million dollars)	2.6	2.0	2.1	2.3	2.3	2.4
Personal income (in \$1987 million)	1.9	1.8	1.2	1.1	0.8	0.9
Total wage & salary jobs (in thousands)	0.2	-0.6	0.1	0.5	0.6	0.6
Gross state product (in million dollars)	2.2	2.0	2.1	2.3	2.3	2.4
Real gross state product (in \$1987 million)	1.5	1.8	1.3	1.2	0.9	1.1
Gross state product deflator (1987=100)	0.6	0.1	0.8	1.1	1.4	1.3

Source: Hawaii State Department of Business, Economic Development & Tourism, December 1998.

**Table 3: 1998 SELECTED ECONOMIC ACTIVITIES: STATE**

SERIES	UNIT	MONTH	CURRENT PERIOD		YEAR-TO-DATE	
			NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	NOV	597,600	0.6	595,150	0.5
Civilian employed	Persons	NOV	563,450	0.6	560,250	1.2
Civilian unemployed	Persons	NOV	34,150	-0.3	34,900	-9.5
Unemployment rate 2/	%	NOV	5.7	-0.1	5.9	-0.6
Total non-agriculture wage and salary jobs 1/	Jobs	NOV	526,700	-1.7	526,350	-0.9
Construction	Jobs	NOV	20,300	-10.2	21,250	-4.7
Manufacturing	Jobs	NOV	15,800	-4.5	16,150	-3.0
Transportation, communication, utilities	Jobs	NOV	40,100	-3.4	40,550	-2.1
Trade	Jobs	NOV	132,200	-2.4	132,050	-1.7
Retail	Jobs	NOV	111,700	-2.4	111,250	-1.9
Finance, insurance, and real estate	Jobs	NOV	34,800	-2.8	35,100	-2.8
Services and miscellaneous	Jobs	NOV	170,100	-0.3	169,200	0.1
Hotels	Jobs	NOV	37,200	-2.9	37,650	-2.1
Other services	Jobs	NOV	132,900	0.5	131,550	0.7
Government	Jobs	NOV	113,400	0.2	112,000	0.5
State	Jobs	NOV	66,400	0.5	64,700	1.2
Local	Jobs	NOV	16,700	0.9	16,950	0.9
Federal	Jobs	NOV	30,300	-0.7	30,350	-1.0
Agriculture wage and salary jobs 1/	Jobs	NOV	8,100	4.5	7,650	7.0
State general fund revenues	\$1,000	NOV	220,932	10.7	2,636,244	5.8
General excise and use tax revenues	\$1,000	NOV	125,207	29.8	1,320,915	1.3
Income-Individual	\$1,000	NOV	82,025	-4.9	988,023	12.1
Declaration Estimated Taxes	\$1,000	NOV	2,537	86.7	170,469	16.9
Payment W/Returns	\$1,000	NOV	1,846	4.8	92,299	33.6
WH Tax on Wages	\$1,000	NOV	86,948	-3.7	944,032	2.0
Refunds	\$1,000	NOV	9,306	30.6	218,777	-15.4
Transient Accommodations Tax	\$1,000	NOV	9,940	28.2	115,372	-0.5
Private Building Permits	\$1,000	OCT	91,808	16.5	894,833	-13.1
Residential	\$1,000	OCT	44,412	22.4	407,359	-14.8
Commercial & industrial	\$1,000	OCT	20,524	36.7	174,428	-23.6
Additions & alterations	\$1,000	OCT	26,871	-2.3	313,047	-3.2
Visitor arrivals 3/	Persons	NOV	524,190	-3.1	6,172,840	-2.0
Westbound visitors	Persons	NOV	336,080	2.7	3,881,570	3.8
Eastbound visitors	Persons	NOV	188,110	-11.9	2,291,270	-10.4
Hotel occupancy rates 2/	%	NOV	68.0	-3.0	72.7	-1.8
Average daily hotel room rate 2/	Dollars	NOV	130.9	-2.2	139.8	2.8

NA Not available.

1/ Labor force and jobs averages are based on monthly rounded data. Labor force data were rebenchmarked in March of 1998.

2/ Change represents absolute change in rates rather than percentage change in rates.

3/ Preliminary data. HVCB revised arrival data for 1997 and 1998 in June, 1998.

Sources: Hawaii Dept. of Labor & Industrial

12/29/98



**Table 4: 1998 SELECTED ECONOMIC ACTIVITIES: HONOLULU COUNTY**

SERIES	UNIT	MONTH	CURRENT PERIOD		YEAR-TO-DATE	
			NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	NOV	430,250	0.3	427,050	0.3
Civilian employed	Persons	NOV	408,300	0.1	405,500	0.7
Civilian unemployed	Persons	NOV	21,900	4.3	21,500	-6.1
Unemployment rate 2/	%	NOV	5.1	0.2	5.0	-0.3
Total non-agriculture wage and salary jobs 1/	Jobs	NOV	398,100	-2.0	397,750	-1.3
Construction	Jobs	NOV	15,500	-10.7	16,350	-5.5
Manufacturing	Jobs	NOV	12,000	-5.5	12,350	-3.1
Transportation, communication, utilities	Jobs	NOV	32,100	-3.6	32,650	-2.2
Trade	Jobs	NOV	97,700	-2.9	97,550	-2.2
Retail	Jobs	NOV	80,600	-3.2	80,250	-2.6
Finance, insurance, and real estate	Jobs	NOV	27,800	-2.8	28,050	-3.1
Services and miscellaneous	Jobs	NOV	121,900	-0.7	120,900	-0.3
Hotels	Jobs	NOV	16,300	-5.0	16,650	-4.9
Other services	Jobs	NOV	105,600	0.0	104,250	0.4
Government	Jobs	NOV	91,100	0.1	89,950	0.5
State	Jobs	NOV	51,300	0.6	49,650	1.1
Local	Jobs	NOV	11,200	-0.9	11,600	0.4
Federal	Jobs	NOV	28,600	-0.5	28,700	-0.5
Agriculture wage and salary jobs 1/	Jobs	NOV	2,600	20.9	2,300	15.0
General excise and use tax revenues	\$1,000	NOV	104,387	30.5	1,100,958	0.7
Income-Individual	\$1,000	NOV	71,320	-7.4	868,953	11.1
Declaration Estimated Taxes	\$1,000	NOV	1,169	53.8	131,505	16.7
Payment W/Returns	\$1,000	NOV	1,419	7.6	72,048	35.7
WH Tax on Wages	\$1,000	NOV	76,664	-4.8	835,100	1.9
Refunds	\$1,000	NOV	7,932	40.5	169,698	-16.3
Transient Accommodations Tax	\$1,000	NOV	7,219	18.6	91,357	1.7
Private Building Permits	\$1,000	NOV	45,060	-5.6	577,787	-21.3
Residential	\$1,000	NOV	17,104	-6.6	205,451	-34.5
Commercial & industrial	\$1,000	NOV	8,070	-32.5	118,589	-25.1
Additions & alterations	\$1,000	NOV	19,886	13.9	253,747	-3.2
Visitor arrivals 3/	Persons	NOV	365,810	-5.6	4,337,510	-5.5
Westbound visitors	Persons	NOV	184,030	3.2	2,089,480	-0.2
Eastbound visitors	Persons	NOV	181,780	-13.2	2,248,030	-10.0
Hotel occupancy rates 2/	%	NOV	68.9	-6.1	74.3	-4.7
Average daily hotel room rate 2/	Dollars	NOV	115.1	-3.9	122.6	0.0

1/ Labor force and jobs averages are based on monthly rounded data. Labor force data were rebenchmarked in March of 1998.

2/ Change represents absolute change in rates rather than percentage change in rates.

3/ Preliminary data. HVCB revised arrival data for 1997 and 1998 in June, 1998.

Sources: Hawaii Dept. of Labor & Industrial

12/29/98

**Table 5: 1998 SELECTED ECONOMIC ACTIVITIES: HAWAII COUNTY**

SERIES	UNIT	MONTH	CURRENT PERIOD		YEAR-TO-DATE	
			NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	NOV	70,250	1.7	70,550	2.6
Civilian employed	Persons	NOV	64,600	2.5	64,300	4.4
Civilian unemployed	Persons	NOV	5,650	-6.6	6,250	-12.6
Unemployment rate 2/	%	NOV	8.1	-0.7	8.9	-1.5
Total non-agriculture wage and salary jobs 1/	Jobs	NOV	50,800	1.5	50,750	2.8
Construction	Jobs	NOV	1,900	-13.6	2,150	2.4
Manufacturing	Jobs	NOV	1,600	-3.0	1,600	-3.0
Transportation, communication, utilities	Jobs	NOV	2,800	0.0	2,800	5.7
Trade	Jobs	NOV	13,000	0.8	12,850	0.4
Retail	Jobs	NOV	11,300	0.9	11,200	0.9
Finance, insurance, and real estate	Jobs	NOV	2,600	0.0	2,600	0.0
Services and miscellaneous	Jobs	NOV	18,500	5.1	18,350	5.5
Hotels	Jobs	NOV	6,700	-4.3	6,850	1.5
Other services	Jobs	NOV	11,800	11.3	11,500	8.0
Government	Jobs	NOV	10,400	1.0	10,350	1.5
State	Jobs	NOV	7,300	1.4	7,250	1.4
Local	Jobs	NOV	2,200	0.0	2,200	2.3
Federal	Jobs	NOV	900	0.0	900	0.0
Agriculture wage and salary jobs 1/	Jobs	NOV	2,500	-13.8	2,500	2.0
General excise and use tax revenues	\$1,000	NOV	7,446	13.4	83,476	1.5
Income-Individual	\$1,000	NOV	4,478	13.9	50,269	15.5
Declaration Estimated Taxes	\$1,000	NOV	816	257.9	16,184	14.8
Payment W>Returns	\$1,000	NOV	221	61.3	8,779	18.1
WH Tax on Wages	\$1,000	NOV	3,931	-1.1	44,037	4.8
Refunds	\$1,000	NOV	490	19.8	18,730	-6.6
Transient Accommodations Tax	\$1,000	NOV	475	28.0	6,732	-0.4
Private Building Permits	\$1,000	NOV	11,089	35.4	163,625	17.0
Residential	\$1,000	NOV	5,961	15.5	111,548	42.4
Commercial & industrial	\$1,000	NOV	646	-63.8	18,454	-30.1
Additions & alterations	\$1,000	NOV	4,483	260.7	33,623	-4.4
Visitor arrivals 3/	Persons	NOV	104,830	11.3	1,168,860	5.7
Westbound visitors	Persons	NOV	78,060	3.0	877,970	4.7
Eastbound visitors	Persons	NOV	26,770	45.2	290,890	9.0
Hotel occupancy rates 2/	%	NOV	63.3	1.9	69.3	3.6
Average daily hotel room rate 2/	Dollars	NOV	145.2	-4.4	155.1	7.7

1/ Labor force and jobs averages are based on monthly rounded data. Labor force data were rebenchmarked in March of 1998.

2/ Change represents absolute change in rates rather than percentage change in rates.

3/ Preliminary data. HVCB revised arrival data for 1997 and 1998 in June, 1998.

Sources: Hawaii Dept. of Labor & Industrial

12/29/98

**Table 6: 1998 SELECTED ECONOMIC ACTIVITIES: MAUI COUNTY**

SERIES	UNIT	MONTH	CURRENT PERIOD		YEAR-TO-DATE	
			NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
<b>Civilian labor force 1/</b>	Persons	NOV	68,500	0.7	69,100	0.3
<b>Civilian employed</b>	Persons	NOV	64,400	1.3	64,650	1.6
<b>Civilian unemployed</b>	Persons	NOV	4,100	-7.9	4,450	-15.2
<b>Unemployment rate 2/</b>	%	NOV	6.0	-0.5	6.4	-1.2
<b>Total non-agriculture wage and salary jobs 1/</b>	Jobs	NOV	54,300	-1.5	54,800	-0.7
<b>Construction</b>	Jobs	NOV	1,800	-12.2	1,800	-7.7
<b>Manufacturing</b>	Jobs	NOV	1,800	-2.7	1,800	-2.7
<b>Transportation, communication, utilities</b>	Jobs	NOV	3,500	-5.4	3,500	-5.4
<b>Trade</b>	Jobs	NOV	14,700	-1.3	14,950	-0.7
<b>Retail</b>	Jobs	NOV	13,300	-1.8	13,600	-0.7
<b>Finance, insurance, and real estate</b>	Jobs	NOV	2,900	-7.9	3,000	-3.2
<b>Services and miscellaneous</b>	Jobs	NOV	22,100	0.2	22,250	0.9
<b>Hotels</b>	Jobs	NOV	10,800	-1.4	10,950	-0.5
<b>Other services</b>	Jobs	NOV	11,300	1.8	11,300	2.3
<b>Government</b>	Jobs	NOV	7,500	0.7	7,500	0.0
<b>State</b>	Jobs	NOV	5,200	1.0	5,150	2.0
<b>Local</b>	Jobs	NOV	1,800	0.0	1,850	-5.1
<b>Federal</b>	Jobs	NOV	500	0.0	500	0.0
<b>Agriculture wage and salary jobs 1/</b>	Jobs	NOV	2,200	18.9	2,000	2.6
<b>General excise and use tax revenues</b>	\$1,000	NOV	10,126	37.2	103,138	5.9
<b>Income-Individual</b>	\$1,000	NOV	4,430	8.6	50,668	21.9
<b>Declaration Estimated Taxes</b>	\$1,000	NOV	392	30.2	16,723	15.8
<b>Payment W/Returns</b>	\$1,000	NOV	148	-29.9	8,033	33.0
<b>WH Tax on Wages</b>	\$1,000	NOV	4,566	9.2	47,058	1.5
<b>Refunds</b>	\$1,000	NOV	676	10.1	21,148	-16.3
<b>Transient Accommodations Tax</b>	\$1,000	NOV	1,816	103.1	14,163	-7.7
<b>Private Building Permits</b>	\$1,000	OCT	14,007	-11.0	138,555	6.2
<b>Residential</b>	\$1,000	OCT	8,483	-22.0	73,151	-2.0
<b>Commercial &amp; industrial</b>	\$1,000	OCT	3,182	64.5	35,539	51.3
<b>Additions &amp; alterations</b>	\$1,000	OCT	2,342	-20.1	29,865	-7.9
<b>Visitor arrivals 3/</b>	Persons	NOV	180,270	-1.2	2,164,500	-0.3
<b>Westbound visitors</b>	Persons	NOV	150,760	4.2	1,790,730	3.1
<b>Eastbound visitors</b>	Persons	NOV	29,510	-21.9	373,770	-14.0
<b>Hotel occupancy rates 2/ 4/</b>	%	NOV	69.8	0.3	73.7	0.9
<b>Average daily hotel room rate 2/ 4/</b>	Dollars	NOV	146.8	-1.4	160.0	3.4

NA Not available.

1/ Labor force and jobs averages are based on monthly rounded data. Labor force data were rebenchmarked in March of 1998.

2/ Change represents absolute change in rates rather than percentage change in rates.

3/ Preliminary data. HVCB revised arrival data for 1997 and 1998 in June, 1998.

4/ Occupancy rates for Maui island: Maui county data not available.

Sources: Hawaii Dept. of Labor & Industrial

12/29/98

**Table 7: 1998 SELECTED ECONOMIC ACTIVITIES: KAUAI COUNTY**

SERIES	UNIT	MONTH	CURRENT PERIOD		YEAR-TO-DATE	
			NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	NOV	28,600	0.9	28,450	-0.4
Civilian employed	Persons	NOV	26,150	2.1	25,800	2.0
Civilian unemployed	Persons	NOV	2,450	-10.9	2,650	-18.5
Unemployment rate 2/	%	NOV	8.6	-1.0	9.3	-2.1
Total non-agriculture wage and salary jobs 1/	Jobs	NOV	23,500	0.0	23,350	0.4
Construction	Jobs	NOV	1,000	-9.1	1,000	5.3
Manufacturing	Jobs	NOV	400	0.0	400	0.0
Transportation, communication, utilities	Jobs	NOV	1,600	0.0	1,550	0.0
Trade	Jobs	NOV	6,700	1.5	6,650	0.8
Retail	Jobs	NOV	6,200	0.8	6,150	0.8
Finance, insurance, and real estate	Jobs	NOV	1,400	-6.7	1,400	-6.7
Services and miscellaneous	Jobs	NOV	8,400	1.8	8,300	0.0
Hotels	Jobs	NOV	3,500	2.9	3,400	1.5
Other services	Jobs	NOV	4,900	1.0	4,900	-1.0
Government	Jobs	NOV	4,000	0.0	3,950	0.0
State	Jobs	NOV	2,600	0.0	2,550	0.0
Local	Jobs	NOV	1,000	0.0	1,000	0.0
Federal	Jobs	NOV	400	0.0	400	0.0
Agriculture wage and salary jobs 1/	Jobs	NOV	800	-5.9	850	6.3
General excise and use tax revenues	\$1,000	NOV	3,248	28.3	33,342	4.2
Income-Individual	\$1,000	NOV	1,797	38.8	18,131	30.9
Declaration Estimated Taxes	\$1,000	NOV	159	127.1	6,057	30.8
Payment W/Returns	\$1,000	NOV	58	-38.3	3,440	36.1
WH Tax on Wages	\$1,000	NOV	1,786	12.5	17,835	2.4
Refunds	\$1,000	NOV	207	-54.8	9,202	-14.1
Transient Accommodations Tax	\$1,000	NOV	431	7.8	3,121	-23.1
Private Building Permits	\$1,000	NOV	7,140	-24.6	78,155	-13.9
Residential	\$1,000	NOV	4,982	-40.7	45,254	3.8
Commercial & industrial	\$1,000	NOV	1,126	(X)	11,688	-65.2
Additions & alterations	\$1,000	NOV	1,032	-3.9	21,213	56.4
Visitor arrivals 3/	Persons	NOV	82,600	8.7	952,570	2.9
Westbound visitors	Persons	NOV	73,660	9.7	833,140	5.1
Eastbound visitors	Persons	NOV	8,940	0.8	119,430	-10.5
Hotel occupancy rates 2/	%	NOV	64.3	-1.2	68.0	-0.5
Average daily hotel room rate 2/ 4/	Dollars	NOV	143.5	-3.9	153.0	0.2

X Not applicable.

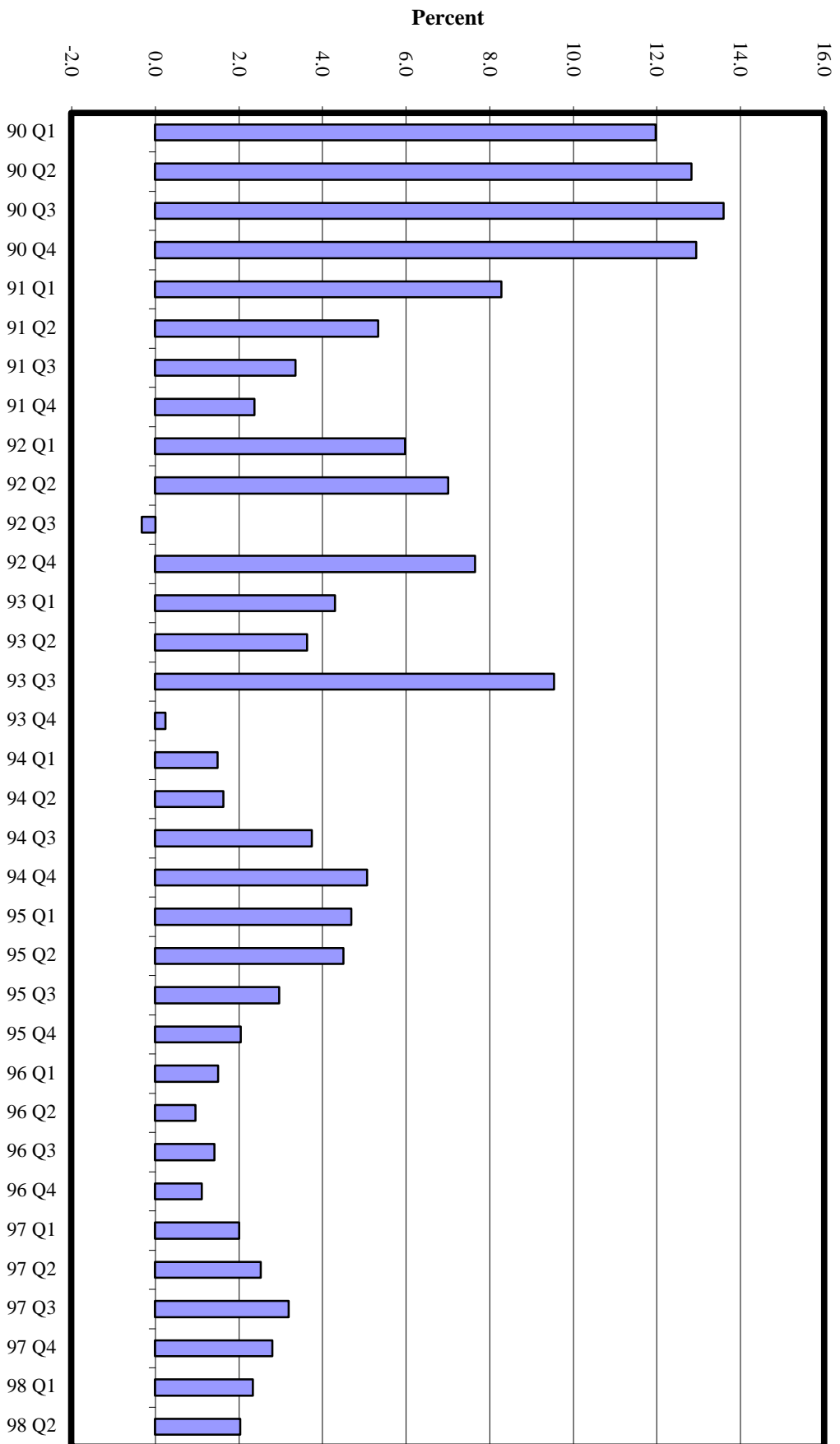
1/ Labor force and jobs averages are based on monthly rounded data. Labor force data were rebenchmarked in March of 1998.

2/ Change represents absolute change in rates rather than percentage change in rates.

3/ Preliminary data. HVCB revised arrival data for 1997 and 1998 in June, 1998.

Sources: Hawaii Dept. of Labor & Industrial

12/29/98



**Figure 1: Annual Growth in Personal Income**  
[percentage change from the same period in previous year]

**Figure 2: Civilian Employment and Total Jobs**  
(12-month moving average)

